

MINUTE ITEM

3. (AGREEMENT AMENDING DRILLING AND OPERATING CONTRACTS, WILMINGTON FIELD, LOS ANGELES COUNTY - L.B.W.O. 10,020.)

After presentation of Calendar Item 26 attached, and upon motion duly made and unanimously carried, the following resolution was adopted:

THE COMMISSION APPROVES THE MODIFIED AMENDATORY AGREEMENT TO THE AMENDMENT TO EACH OF THE RESPECTIVE SIX DRILLING AND OPERATING CONTRACTS HERETOFORE ENTERED INTO (AND AMENDED) BETWEEN THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH AND THE LONG BEACH OIL DEVELOPMENT CO., RELATING TO TIDE LAND OIL DEVELOPMENT ON PARCELS W, X, Y, Z, Z-1 AND J, TO PROVIDE FOR AN EXPANDED WATERFLOOD PROGRAM OF 400,000 BARRELS PER DAY TOTAL, SUBJECT TO THE FOLLOWING CONDITIONS:

- (1) A \$4,000,000 LIMITATION UPON CAPITAL COST EXPENDITURES WHICH MAY BE MADE UNDER THIS PROJECT IN ADDITION TO CAPITAL EXPENDITURES APPROVED PREVIOUSLY ON JUNE 13, 1957 (MINUTE ITEM 21, PAGES 3233-34) WITHOUT FURTHER APPROVAL OF THE STATE LANDS COMMISSION; AND
- (2) REVIEW OF THE FORM OF CONTRACT AMENDMENT BY THE OFFICE OF THE ATTORNEY GENERAL AS TO QUALIFICATION UNDER CHAPTER 29, STATUTES OF 1956, 1ST E.S.

Attachment

Calendar Item 26 (2 pages)

CALENDAR ITEM

MISCELLANEOUS

26.

(AGREEMENT AMENDING DRILLING AND OPERATING CONTRACTS, WILMINGTON FIELD, LOS ANGELES COUNTY - L.B.W.O. 10,020.)

On July 13, 1957 (Minute Item 21, pages 3233-34), the Commission adopted a resolution authorizing the Executive Officer to approve conditionally a modified amendatory agreement to each of the respective six drilling and operating contracts heretofore entered into between the Board of Harbor Commissioners of the City of Long Beach and the Long Beach Oil Development Co., to provide for a 180,000-barrel-per-day expanded waterflood program in specified zones, and to approve the expenditure of not to exceed \$4,000,000 for plant and operating costs, subject to review and approval by the Commission of any proposed expenditures in excess of that amount.

In compliance with Section 10(b), Chapter 29, Statutes of 1956, 1st E.S., the Long Beach Board of Harbor Commissioners has requested the State Lands Commission to approve a further agreement constituting an amendment to each of the respective six drilling and operating contracts.

The proposed amendment would provide for an extended water-injection program (400,000 barrels per day total) in all zones and all fault blocks in the Wilmington Tideland Oil Field for the purpose of restoring and maintaining restored reservoir pressures and increasing the amount of oil ultimately recovered from the zones underlying the six parcels of land.

The proposed amendment has been reviewed by the staff of the Division, and has been submitted to the office of the Attorney General for consideration as to qualification under Chapter 29, Statutes of 1956, 1st E.S., pursuant to which the Commission may consider the amendment for approval.

The capital costs for new plants which have added 150,000-barrels-per-day injection capacity, including plants and facilities, source wells, and injection wells, have been approximately \$2,550,000 of the \$4,000,000 approved previously. Based on a total injection rate of 400,000 barrels per day, additional capital expenditure of approximately \$4,000,000 will be required.

IT IS RECOMMENDED THAT THE COMMISSION APPROVE THE MODIFIED AMENDATORY AGREEMENT TO THE AMENDMENT TO EACH OF THE RESPECTIVE SIX DRILLING AND OPERATING CONTRACTS HERETOFORE ENTERED INTO (AND AMENDED) BETWEEN THE BOARD OF HARBOR COMMISSIONERS OF THE CITY OF LONG BEACH AND THE LONG BEACH OIL DEVELOPMENT CO., RELATING TO TIDELAND OIL DEVELOPMENT ON PARCELS W, X, Y, Z, Z-1 AND J, TO PROVIDE FOR AN EXPANDED WATERFLOOD PROGRAM OF 400,000 BARRELS PER DAY TOTAL, SUBJECT TO THE FOLLOWING CONDITIONS:

- (1) A \$4,000,000 LIMITATION UPON CAPITAL COST EXPENDITURES WHICH MAY BE MADE UNDER THIS PROJECT IN ADDITION TO CAPITAL EXPENDITURES APPROVED PREVIOUSLY ON JUNE 13, 1957 (MINUTE ITEM 21, PAGES 3233-34) WITHOUT FURTHER APPROVAL OF THE STATE LANDS COMMISSION; AND

MISCELLANEOUS - 26. (CONTD.)

- (2) REVIEW OF THE FORM OF CONTRACT AMENDMENT BY THE OFFICE OF THE ATTORNEY GENERAL AS TO QUALIFICATION UNDER CHAPTER 29, STATUTES OF 1956, 1ST E.S.